

Union Calendar No. 134

111TH CONGRESS
1ST SESSION

H. R. 2651

[Report No. 111-243]

To amend title 46, United States Code, to direct the Secretary of Transportation to establish a maritime career training loan program, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 2, 2009

Mr. CUMMINGS (for himself, Mr. OBERSTAR, Mr. MICA, and Mr. LoBIONDO) introduced the following bill; which was referred to the Committee on Transportation and Infrastructure

JULY 31, 2009

Additional sponsor: Mr. LARSEN of Washington

JULY 31, 2009

Committed to the Committee of the Whole House on the State of the Union
and ordered to be printed

A BILL

To amend title 46, United States Code, to direct the Secretary of Transportation to establish a maritime career training loan program, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Maritime Workforce
3 Development Act”.

4 **SEC. 2. MARITIME EDUCATION LOAN PROGRAM.**

5 (a) IN GENERAL.—Chapter 517 of title 46, United
6 States Code, is amended by adding at the end the fol-
7 lowing:

8 **“§ 51705. Maritime career training loan program**

9 “(a) ESTABLISHMENT.—The Secretary of Transpor-
10 tation shall establish a maritime career training loan pro-
11 gram (in this section referred to as the ‘program’) in ac-
12 cordance with the requirements of this section.

13 “(b) PURPOSE.—The purpose of the program shall
14 be to make maritime career training loans available to eli-
15 gible students to provide for the training of United States
16 mariners.

17 “(c) ADMINISTRATION.—The program shall be car-
18 ried out by the Secretary, acting through the Adminis-
19 trator of the Maritime Administration.

20 “(d) DUTIES.—The Secretary shall—

21 “(1) allocate, on an annual basis, the award of
22 loans under the program based on the needs of stu-
23 dents;

24 “(2) develop an application process and eligi-
25 bility criteria for the award of loans under the pro-
26 gram;

1 “(3) approve applications for loans under the
2 program based on the eligibility criteria and alloca-
3 tions made under paragraph (1); and

4 “(4) designate maritime training institutions at
5 which loans made under the program may be used.

6 “(e) DESIGNATION OF MARITIME TRAINING INSTITU-
7 TIONS.—

8 “(1) IN GENERAL.—In designating maritime
9 training institutions under subsection (d)(4), the
10 Secretary—

11 “(A) may include Federal, State, and com-
12 mercial training institutions and nonprofit
13 training organizations, except that under-
14 graduate students at the United States Mer-
15 chant Marine Academy shall not be eligible for
16 loans under the program;

17 “(B) shall designate institutions based on
18 geographic diversity and scope of classes of-
19 fered;

20 “(C) shall ensure that designated institu-
21 tions have the ability to administer the pro-
22 gram; and

23 “(D) shall ensure that designated institu-
24 tions meet requirements to provide training in-

1 instruction for appropriate Coast Guard-approved
2 training instruction.

3 “(2) EXCLUSIONS.—The Secretary—

4 “(A) may exclude from participation in the
5 program a maritime training institution that
6 has had severe performance deficiencies, includ-
7 ing deficiencies demonstrated by audits or pro-
8 gram reviews conducted during the 5 calendar
9 years immediately preceding the present year;

10 “(B) shall exclude from participation in
11 the program a maritime training institution
12 that has delinquent or outstanding debts to the
13 United States, unless such debts are being re-
14 paid under or in accordance with a repayment
15 arrangement satisfactory to the United States,
16 or the Secretary in the Secretary’s discretion
17 determines that the existence or amount of any
18 such debts has not been finally determined by
19 the appropriate Federal agency;

20 “(C) may exclude from participation in the
21 program a maritime training institution that
22 has failed to comply with quality standards es-
23 tablished by the Department of Labor, the
24 Coast Guard, or a State; and

1 “(D) may establish such other criteria as
2 the Secretary determines will protect the finan-
3 cial interest of the United States and promote
4 the purposes of this section.

5 “(f) STATE MARITIME ACADEMIES.—

6 “(1) USE OF FUNDS FOR LOANS TO STUDENTS
7 ATTENDING STATE MARITIME ACADEMIES.—The
8 Secretary may obligate not more than 50 percent of
9 the amounts appropriated to carry out this section
10 for a fiscal year for loans to undergraduate students
11 attending State maritime academies receiving assist-
12 ance under chapter 515 of this title.

13 “(2) ACADEMIC STANDARDS FOR STUDENTS.—
14 Students at State maritime academies receiving
15 loans under the program shall maintain satisfactory
16 progress toward the completion of their course of
17 study as evidenced by the maintenance of a cumu-
18 lative C average, or its equivalent, or academic
19 standing consistent with the requirements for grad-
20 uation, as determined by the institution.

21 “(g) LOAN AMOUNTS AND USE.—

22 “(1) MAXIMUM AMOUNTS.—The Secretary may
23 not make loans to a student under the program in
24 an amount that exceeds \$15,000 in a calendar year
25 or \$60,000 in the aggregate.

1 “(2) USE OF LOAN PROCEEDS.—A student who
2 receives a loan under the program may use the pro-
3 ceeds of the loan only for postsecondary expenses in-
4 curred at an institution designated by the Secretary
5 under subsection (d)(4) for books, tuition, required
6 fees, travel to and from training facilities, and room
7 and board.

8 “(h) STUDENT ELIGIBILITY.—To be eligible to re-
9 ceive a loan under the program, a student shall—

10 “(1) be eligible to hold a license or merchant
11 mariner document issued by the Coast Guard;

12 “(2) provide to the Secretary such information
13 as the Secretary may require, including all current
14 Coast Guard documents, certifications, proof of
15 United States citizenship or permanent legal status,
16 and a statement of intent to enter a maritime ca-
17 reer;

18 “(3) meet the enrollment requirements of a
19 maritime training institution designated by the Sec-
20 retary under subsection (d)(4); and

21 “(4) sign an agreement to—

22 “(A) complete a course of instruction at
23 such a maritime training institution; and

24 “(B)(i) maintain a license and serve as an
25 officer in the merchant marine on a docu-

1 mented vessel or a vessel owned and operated
2 by the United States for at least 18 months of
3 service at sea following the date of graduation
4 from the maritime program for which the loan
5 proceeds will be used; or

6 “(ii) serve as an unlicensed merchant mar-
7 iner on a documented vessel or a vessel owned
8 and operated by the United States for at least
9 18 months of service at sea following the date
10 of graduation from the maritime program for
11 which the loan proceeds will be used.

12 “(i) ADMINISTRATION OF LOANS.—

13 “(1) CONTENTS OF LOAN AGREEMENTS.—Any
14 agreement between the Secretary and a student bor-
15 rower for a loan under the program shall—

16 “(A) be evidenced by a note or other writ-
17 ten instrument that provides for the repayment
18 of the principal amount of the loan and any
19 origination fee, together with interest thereon,
20 in equal installments (or, if the student bor-
21 rower so requests, in graduated periodic install-
22 ments determined in accordance with such
23 schedules as may be approved by the Secretary)
24 payable quarterly, bimonthly, or monthly, at the
25 option of the student borrower, over a period

beginning 9 months from the date on which the student borrower completes study or discontinues attendance at the maritime program for which the loans are used at the institution approved by the Secretary and not exceeding 10 years;

“(B) include provision for acceleration of repayment of the whole, or any part, of such loan, at the option of the student borrower;

“(C) provide the loan without security and without endorsement;

“(D) provide that the liability to repay the loan shall be canceled upon the death of the student borrower, or if the student borrower becomes permanently and totally disabled, as determined in accordance with regulations to be issued by the Secretary;

“(E) contain a notice of the system of disclosure of information concerning default on such loan to credit bureau organizations; and

“(F) include provisions for deferral of repayment, as determined by the Secretary.

“(2) RATE OF INTEREST.—A student borrower who receives a loan under the program on or after January 1, 2010, and before October 1, 2015, shall

1 be obligated to repay the loan amount to the Sec-
2 retary, together with interest beginning in the period
3 referred to in paragraph (1)(A), at a rate to be de-
4 termined as follows:

5 “(A) For a loan for which the first dis-
6 bursement is made on or after January 1,
7 2010, and before October 1, 2011, 5.6 percent
8 on the unpaid principal balance of the loan.

9 “(B) For a loan for which the first dis-
10 bursement is made on or after October 1, 2011,
11 and before October 1, 2012, 4.5 percent on the
12 unpaid principal balance of the loan.

13 “(C) For a loan for which the first dis-
14 bursement is made on or after October 1, 2012,
15 3.4 percent on the unpaid principal balance of
16 the loan.

17 “(3) DISCLOSURE REQUIRED PRIOR TO DIS-
18 BURSEMENT.—

19 “(A) IN GENERAL.—The Secretary shall at
20 or prior to the time the Secretary makes a loan
21 to a student borrower under the program, pro-
22 vide thorough and adequate loan information on
23 such loan to the student borrower. The disclo-
24 sures required by this paragraph may be made
25 as part of the written application material pro-

1 vided to the student borrower, as part of the
2 promissory note evidencing the loan, or on a
3 separate written form provided to the student
4 borrower.

5 “(B) CONTENTS.—The disclosures shall
6 include—

7 “(i) the address to which communica-
8 tions and payments should be sent;

9 “(ii) the principal amount of the loan;

10 “(iii) the amount of any charges col-
11 lected at or prior to the disbursement of the
12 loan and whether such charges are to be
13 deducted from the proceeds of the loan or
14 paid separately by the student borrower;

15 “(iv) the stated interest rate on the
16 loan;

17 “(v) the yearly and cumulative max-
18 imum amounts that may be borrowed;

19 “(vi) an explanation of when repay-
20 ment of the loan will be required and when
21 the student borrower will be obligated to
22 pay interest that accrues on the loan;

23 “(vii) a statement as to the minimum
24 and maximum repayment term that the
25 Secretary may impose, and the minimum

1 monthly payment required by law and a
2 description of any penalty imposed as a
3 consequence of default, such as liability for
4 expenses reasonably incurred in attempts
5 by the Secretary to collect on a loan;

6 “(viii) a statement of the total cumu-
7 lative balance, including the loan applied
8 for, owed by the student borrower to the
9 Secretary, and an estimate of the projected
10 monthly payment, given such cumulative
11 balance;

12 “(ix) an explanation of any special op-
13 tions the student borrower may have for
14 loan consolidation or other refinancing of
15 the loan;

16 “(x) a statement that the student bor-
17 rower has the right to prepay all or part
18 of the loan, at any time, without penalty;

19 “(xi) a statement summarizing cir-
20 cumstances in which repayment of the loan
21 or interest that accrues on the loan may be
22 deferred, and a brief notice of the program
23 for repayment of loans, on the basis of
24 military service, pursuant to the Depart-

1 ment of Defense educational loan repay-
2 ment program (10 U.S.C. 16302);

3 “(xii) a definition of default and the
4 consequences to the student borrower if
5 the student borrower defaults, together
6 with a statement that the disbursement of,
7 and the default on, a loan under this part
8 shall be reported to a credit bureau or
9 credit reporting agency;

10 “(xiii) to the extent practicable, the
11 effect of accepting the loan on the eligi-
12 bility of the student borrower for other
13 forms of student assistance; and

14 “(xiv) an explanation of any cost the
15 student borrower may incur in the making
16 or collection of the loan.

17 “(C) INFORMATION TO BE PROVIDED
18 WITHOUT COST.—The information provided
19 under this paragraph shall be available to the
20 Secretary without cost to the student borrower.

21 “(4) REPAYMENT AFTER DEFAULT.—The Sec-
22 retary may require any student borrower who has
23 defaulted on a loan made under the program to—

24 “(A) pay all reasonable collection costs as-
25 sociated with such loan; and

1 “(B) repay the loan pursuant to an income
2 contingent repayment plan.

3 “(5) AUTHORIZATION TO REDUCE RATES AND
4 FEES.—Notwithstanding any other provision of this
5 section, the Secretary may prescribe by regulation
6 any reductions in the interest rate or origination fee
7 paid by a student borrower of a loan made under the
8 program as the Secretary determines appropriate to
9 encourage ontime repayment of the loan. Such re-
10 ductions may be offered only if the Secretary deter-
11 mines the reductions are cost neutral and in the best
12 financial interest of the United States.

13 “(6) COLLECTION OF REPAYMENTS.—The Sec-
14 retary shall collect repayments made under the pro-
15 gram and exercise due diligence in such collection,
16 including maintenance of all necessary records to en-
17 sure that maximum repayments are made. Collection
18 and servicing of repayments under the program shall
19 be pursued to the full extent of the law, including
20 wage garnishment if necessary. The Secretary of the
21 Department in which the Coast Guard is operating
22 shall provide the Secretary of Transportation with
23 any information regarding a mariner that may aid
24 in the collection of repayments under this section.

1 “(7) REPAYMENT SCHEDULE.—A student bor-
2 rower who receives a loan under the program shall
3 repay the loan quarterly, bimonthly, or monthly, at
4 the option of the student borrower, over a period be-
5 ginning 9 months from the date the student bor-
6 rower completes study or discontinues attendance at
7 the maritime program for which the loan proceeds
8 are used and ending not more than 10 years after
9 the date repayment begins. Provisions for deferral of
10 repayment shall be determined by the Secretary.

11 “(8) CONTRACTS FOR SERVICING AND COLLEC-
12 TION OF LOANS.—The Secretary may—

13 “(A) enter into a contract or other ar-
14 rangement with State or nonprofit agencies
15 and, on a competitive basis, with collection
16 agencies for servicing and collection of loans
17 under this section; and

18 “(B) conduct litigation necessary to carry
19 out this section.

20 “(j) REVOLVING LOAN FUND.—

21 “(1) ESTABLISHMENT.—The Secretary shall es-
22 tablish a revolving loan fund consisting of amounts
23 deposited in the fund under paragraph (2).

24 “(2) DEPOSITS.—The Secretary shall deposit in
25 the fund—

1 “(A) receipts from the payment of prin-
2 cipal and interest on loans made under the pro-
3 gram; and

4 “(B) any other monies paid to the Sec-
5 retary by or on behalf of individuals under the
6 program.

7 “(3) AVAILABILITY OF AMOUNTS.—Amounts in
8 the fund shall be available to the Secretary, without
9 further appropriation—

10 “(A) to cover the administrative costs of
11 the program, including the maintenance of
12 records and making collections under this sec-
13 tion; and

14 “(B) to the extent that amounts remain
15 available after paying such administrative costs,
16 to make loans under the program.

17 “(4) MAINTENANCE OF RECORDS.—The Sec-
18 retary shall maintain accurate records of the admin-
19 istrative costs referred to in paragraph (3)(A).

20 “(k) ANNUAL REPORT.—The Secretary, on an an-
21 nual basis, shall submit to the Committee on Transpor-
22 tation and Infrastructure of the House of Representatives
23 and the Committee on Commerce, Science, and Transpor-
24 tation of the Senate a report on the program, including—

1 “(1) the total amount of loans made under the
2 program in the preceding year;

3 “(2) the number of students receiving loans
4 under the program in the preceding year; and

5 “(3) the total amount of loans made under pro-
6 gram that are in default as of the date of the report.

7 “(1) AUTHORIZATION OF APPROPRIATIONS.—There
8 are authorized to be appropriated for each of fiscal years
9 2010 through 2015—

10 “(1) \$10,000,000 for making loans under the
11 program; and

12 “(2) \$1,000,000 for administrative expenses of
13 the Secretary in carrying out the program.

14 **“§ 51706. Maritime recruitment, training, and reten-**
15 **tion grant program**

16 “(a) STRATEGIC PLAN.—

17 “(1) IN GENERAL.—Not later than one year
18 after the date of enactment of this section, and at
19 least once every 3 years thereafter, the Secretary of
20 Transportation, acting through the Administrator of
21 the Maritime Administration, shall publish in the
22 Federal Register a plan that describes the dem-
23 onstration, research, and multistate project priorities
24 of the Department of Transportation concerning
25 merchant mariner recruitment, training, and reten-

1 tion for the 3-year period following the date of publi-
2 cation of the plan.

3 “(2) CONTENTS.—A plan published under para-
4 graph (1) shall contain strategies and identify poten-
5 tial projects to address merchant mariner recruit-
6 ment, training, and retention issues in the United
7 States.

8 “(3) FACTORS.—In developing a plan under
9 paragraph (1), the Secretary shall take into account,
10 at a minimum—

11 “(A) the availability of existing research
12 (as of the date of publication of the plan);

13 “(B) the need to ensure results that have
14 broad applicability;

15 “(C) the benefits of economies of scale and
16 the efficiency of potential projects; and

17 “(D) the likelihood that the results of po-
18 tential projects will be useful to policymakers
19 and stakeholders in addressing merchant mar-
20 iner recruitment, training, and retention issues.

21 “(4) CONSULTATION.—In developing a plan
22 under paragraph (1), the Secretary shall consult
23 with representatives of the maritime industry, labor
24 organizations, and other governmental entities and
25 parties with an interest in the maritime industry.

1 “(5) TRANSMITTAL TO CONGRESS.—The Sec-
2 retary shall transmit copies of a plan published
3 under paragraph (1) to the Committee on Transpor-
4 tation and Infrastructure of the House of Represent-
5 atives and the Committee on Commerce, Science,
6 and Transportation of the Senate.

7 “(b) DEMONSTRATION PROJECTS.—

8 “(1) IN GENERAL.—The Secretary may award
9 grants to a maritime training institution to carry
10 out demonstration projects that implement the prior-
11 ities identified in the plan prepared under subsection
12 (a)(1), for the purpose of developing and imple-
13 menting methods to address merchant mariner re-
14 cruitment, training, and retention issues.

15 “(2) GRANT AWARDS.—Grants shall be awarded
16 under this subsection on a competitive basis under
17 guidelines and requirements to be established by the
18 Secretary.

19 “(3) APPLICATIONS.—To be eligible to receive a
20 grant for a project under this subsection, a maritime
21 training institution shall submit to the Secretary a
22 grant proposal that includes, at a minimum—

23 “(A) information demonstrating the esti-
24 mated effectiveness of the project; and

1 “(B) a method for evaluating the effective-
2 ness of the project.

3 “(4) ELIGIBLE PROJECTS.—Projects eligible for
4 grants under this subsection may include—

5 “(A) the establishment of maritime tech-
6 nology skill centers developed through local
7 partnerships of industry, labor, education, com-
8 munity-based organizations, economic develop-
9 ment organizations, or Federal, State, and local
10 government agencies to meet unmet skills needs
11 of the maritime industry;

12 “(B) projects that provide training to up-
13 grade the skills of workers who are employed in
14 the maritime industry;

15 “(C) projects that promote the use of dis-
16 tance learning, enabling students to take
17 courses through the use of media technology,
18 such as videos, teleconferencing, and the Inter-
19 net;

20 “(D) projects that assist in providing serv-
21 ices to address maritime recruitment and train-
22 ing of youth residing in targeted high poverty
23 areas within empowerment zones and enterprise
24 communities;

1 “(E) the establishment of partnerships
2 with national and regional organizations with
3 special expertise in developing, organizing, and
4 administering merchant mariner recruitment
5 and training services; and

6 “(F) the establishment of maritime train-
7 ing programs that foster technical skills and
8 operational productivity in communities in
9 which economies are related to or dependent
10 upon the maritime industry.

11 “(c) PROJECTS AUTHORIZED.—

12 “(1) PROJECTS.—The Secretary may award
13 grants to carry out projects identified in a plan pub-
14 lished under subsection (a)(1) under which the
15 project sponsor will—

16 “(A) design, develop, and test an array of
17 approaches to providing recruitment, training,
18 or retention services to one or more targeted
19 populations;

20 “(B) in conjunction with employers, orga-
21 nized labor, other groups (such as community
22 coalitions), and Federal, State, or local agen-
23 cies, design, develop, and test various training
24 approaches in order to determine effective prac-
25 tices; or

1 “(C) assist in the development and replica-
2 tion of effective service delivery strategies for
3 the national maritime industry as a whole.

4 “(2) RESEARCH PROJECTS.—The Secretary
5 may award grants to carry out research projects
6 identified in a plan published under subsection
7 (a)(1) that will contribute to the solution of mari-
8 time industry recruitment, training, and retention
9 issues in the United States.

10 “(3) MULTISTATE OR REGIONAL PROJECTS.—
11 The Secretary may award grants to carry out
12 multistate or regional projects identified in a plan
13 published under subsection (a)(1) to effectively dis-
14 seminate best practices and models for implementing
15 maritime recruitment, training, and retention serv-
16 ices designed to address industry-wide skill short-
17 ages.

18 “(4) GRANT AWARDS.—Grants shall be awarded
19 under this subsection on a competitive basis under
20 guidelines and requirements to be established by the
21 Secretary.

22 “(d) AUTHORIZATION OF APPROPRIATIONS.—There
23 are authorized to be appropriated for each of fiscal years
24 2010 through 2015—

1 “(1) \$10,000,000 for making grants under this
2 section; and

3 “(2) \$1,000,000 for administrative expenses of
4 the Secretary in carrying out this section.”.

5 (b) CONFORMING AMENDMENT.—The analysis for
6 such chapter is amended by adding at the end the fol-
7 lowing:

“51705. Maritime career training loan program.

“51706. Maritime recruitment, training, and retention grant program.”.

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Committed to the Committee of the Whole House on the State of the Union and ordered to be printed